

Message Text

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C O N F I D E N T I A L SECTION 01 OF 03 BERLIN 08073

E.O. 11652: GDS

TAGS: CPRS, GE, US

SUBJECT: LATEST ROUND OF TALKS BETWEEN THE CONFERENCE ON
JEWISH MATERIAL CLAIMS AND THE GDR ANTI-FASCIST COMMITTEE

REF: STATE 247505

1. SUMMARY. ON OCT. 24 MR. FERENCZ OF THE CONFERENCE
ON JEWISH MATERIAL CLAIMS BRIEFED THE AMBASSADOR ON HIS
MEETING EARLIER THAT SAME DAY WITH FUNKE AND FRIEDMANN
OF THE GDR ANTI-FASCIST COMMITTEE. THE MAIN PURPOSE OF
THE MEETING, FROM FERENCZ' STANDPOINT, WAS TO MAKE NEW
PROPOSALS ON HOW TO MOVE FORWARD THE DISCUSSION OF THE
STALLED JEWISH CLAIMS ISSUE. FERENCZ DESCRIBED
THE MEETING, WHICH LASTED ONE HOUR, AS CORDIAL IN
ATMOSPHERE, PERHAPS MORE SO THAN IN THE PAST, BUT
GRANITE-HARD AND UNYIELDING ON SUBSTANCE ON THE EAST
GERMAN SIDE. FUNKE DID INDICATE THAT TALKS COULD
CONTINUE, ALTHOUGH THE COMMITTEE DID NOT RECOGNIZE ANY
MORAL OR LEGAL OBLIGATIONS TO JEWISH VICTIMS OF THE
NAZI PERSECUTION. END SUMMARY

2. FERENCZ SAID HE BEGAN HIS PRESENTATION TO FUNKE BY
EXPLAINING HE WISHED TO CLEAR UP ANY "MISUNDERSTANDING"
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THAT MIGHT EXIST ABOUT THE CONFERENCE'S REJECTION OF THE
\$1 MILLION WHICH IT HAD RETURNED TO THE GDR LAST NOVEMBER.
AFTER EXPLAINING BRIEFLY TO FUNKE THE REASONS BEHIND THE
CONFERENCE'S ACTION, FERENCZ SAID HE HAD COME TO TRY TO
MOVE THINGS ALONG BY PROPOSING SOMETHING THAT WOULD HELP
DETENTE, IMPROVE BILATERAL RELATIONS BETWEEN
THE UNITED STATES AND THE GDR, AND WHICH WOULD BE OF

BENEFIT TO THE GDR.

3. FERENCZ SAID HE TOLD FUNKE HE WAS AUTHORIZED TO PROPOSE A MEETING BETWEEN APPROPRIATE GDR AND CONFERENCE REPRESENTATIVES IN A THIRD COUNTRY FOR THE PURPOSE OF DISCUSSING THE SETTLEMENT OF JEWISH CLAIMS AGAINST THE GDR. THE MEETING WOULD BE AT A LEVEL HIGHER THAN THE FERENCZ-FUNKE LEVEL. ON THE CONFERENCE SIDE, IT COULD, FOR EXAMPLE, INVOLVE MR. PHILIP KLUTZNICK, WHO ACCORDING TO FERENCZ WILL BE THE NEW PRESIDENT OF THE WORLD JEWISH CONGRESS. ALTHOUGH NOT SPECIFICALLY AUTHORIZED BY THE CONFERENCE TO SAY SO, FERENCZ SAID HE TOLD FUNKE THAT PART OF THE SETTLEMENT WOULD INVOLVE AN ARRANGEMENT BY WHICH THE GDR WOULD BE ABLE TO SELL ITS PRODUCTS IN THE UNITED STATES, PROFITS FROM WHICH WOULD THEN BE USED TO COMPENSATE JEWISH VICTIMS OF NAZIISM. FERENCZ SAID HE ALLUDED TO A FIGURE OF \$100 MILLION WORTH OF PRODUCTS. FERENCZ INDICATED TO FUNKE THE ARRANGEMENT WOULD ALSO INCLUDE THE GRANTING OF MFN TARIFF RATES TO THE GDR ON GOODS IMPORTED INTO THE UNITED STATES FOR RESALE IN ORDER TO GENERATE INCOME TO PAY JEWISH CLAIMS. HE SAID HE TOLD FUNKE THE ARRANGEMENT HAD BEEN DISCUSSED WITH SOME STAFF OFFICIALS OF MEMBERS OF CONGRESS WHO HAD INDICATED THAT, WHILE DIFFICULT TO ACHIEVE, THEY THOUGHT IT WOULD BE POSSIBLE TO GET SOMETHING THROUGH CONGRESS FOR THIS PURPOSE.

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4. ACCORDING TO FERENCZ, FUNKE TOOK A NEGATIVE ATTITUDE TOWARD THE PRESENTATION. FUNKE SAID THAT THE ESSENCE OF FERENCZ' PROPOSAL DID NOT FALL WITHIN THE COMPETENCE OF THE ANTI-FASCIST COMMITTEE AND THEREFORE HE COULD NOT DISCUSS IT. FUNKE ADDED, ACCORDING TO FERENCZ, THAT THE ANTI-FASCIST COMMITTEE DID NOT INTEND TO TALK ABOUT CLAIMS SETTLEMENTS WITH THE CONFERENCE NO MATTER WHAT GUISE MIGHT BE USED FOR THIS PURPOSE. FUNKE SAID THE GDR HAD MADE AN OFFER OF A ONE-TIME \$1 MILLION PAYMENT TO THE CONFERENCE AS A HUMANITARIAN GESTURE, WHICH HAD BEEN REJECTED.

5. FERENCZ SAID FUNKE ALSO TOOK THE POSITION THAT THE ANTI-FASCIST COMMITTEE DID NOT BELIEVE IT HAD ANY LEGAL OR MORAL OBLIGATION TO TALK ABOUT JEWISH CLAIMS AND DID NOT INTEND TO DO SO. AT ONE POINT IN THE DISCUSSION FUNKE ASSERTED THAT THE GDR, IN RESPONSE TO PRESSURE FROM THE U.S. GOVERNMENT AT THE TIME OF THE ESTABLISHMENT OF RELATIONS, HAD AGREED TO HAVE TALKS (GESPRACHE) ON THE MATTER OF JEWISH CLAIMS. ALTHOUGH THE GDR DID NOT WANT TO HAVE SUCH TALKS BETWEEN THE CONFERENCE AND THE

COMMITTEE, IT HAD GONE ALONG WITH THE IDEA. THOSE TALKS HAVE TAKEN PLACE.

6. FERENCZ SAID HE RESPONDED BY STATING THAT THE U.S. SIDE HAD UNDERSTOOD THE "TALKS" TO MEAN THAT THEY WOULD BE NEGOTIATIONS WITH THE AIM OF TRYING TO SETTLE THE JEWISH MATERIAL CLAIMS QUESTION. ACCORDING TO FERENCZ, FUNKE SAID THAT MAY HAVE BEEN THE U.S. INTERPRETATION, BUT THAT WAS NOT THE GDR INTERPRETATION. FERENCZ SAID

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FUNKE THEN ADDED AS HIS PERSONAL OBSERVATION THAT HE EVEN HAD SOME QUESTION WHETHER NEGOTIATIONS BETWEEN THE U.S. AND GDR ON THE CLAIMS ISSUE WOULD INDEED RESULT IN A SETTLEMENT. FERENCZ SAID THERE WAS ABSOLUTELY NO CHANGE IN FUNKE'S POSITION DURING THE HOUR-LONG MEETING, ALTHOUGH FUNKE SAID FERENCZ WAS WELCOME TO COME BACK ANY TIME, TO VISIT BUCHENWALD FOR EXAMPLE, IF HE WISHED. HE ALSO SAID, ACCORDING TO FERENCZ, THAT THE ANTI-FASCIST COMMITTEE WOULD BE PREPARED TO CONTINUE TALKS WITH THE CONFERENCE BUT NOT ABOUT CLAIMS, SINCE THE COMMITTEE RECOGNIZED NO MORAL OR LEGAL OBLIGATION TO DO SO.

7. FERENCZ, WHO HAS TALKED WITH ANTI-FASCIST COMMITTEE OFFICIALS 5 TO 6 TIMES, EXPRESSED TO THE AMBASSADOR THE VIEW THAT HE PERSONALLY SAW LITTLE REASON TO CONTINUE THE DISCUSSIONS. FERENCZ FELT HE HAD REACHED THE END OF THE LINE WITH THE ANTI-FASCIST COMMITTEE. HE WAS ALSO OF THE VIEW THAT THE GDR HAD MISLED THE U.S. AT THE TIME OF THE ESTABLISHMENT OF RELATIONS WHEN IT AGREED TO THE IDEA OF "TALKS" BETWEEN APPROPRIATE

ORGANIZATIONS ON BOTH SIDES ON THE MATTER OF JEWISH MATERIAL CLAIMS. HE WONDERED WHERE "WE" GO FROM HERE AND FELT THE BALL MIGHT BE RIGHT BACK IN THE LAP OF THE
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STATE DEPARTMENT. HE WONDERED WHAT THE DEPARTMENT OR THE EMBASSY WOULD OR MIGHT BE PREPARED TO DO, GIVEN HIS LATEST TALK WITH FUNKE.

8. THE AMBASSADOR NOTED THAT THE ISSUE WAS AN IMPORTANT ONE AND THAT IT WAS ESSENTIAL TO HAVE A FULL PICTURE OF WHAT HAD TRANSPIRED BETWEEN FERENCZ AND FUNKE BEFORE WE COULD ASSESS WHAT STEPS MIGHT BE TAKEN NEXT. FERENCZ AGREED AND SAID HE WOULD BE SENDING A DETAILED ACCOUNT OF HIS REPORT AS SOON AS POSSIBLE TO THE DEPARTMENT AND TO THE EMBASSY, AND WOULD ALSO BE IN TOUCH WITH THE DEPARTMENT ON HIS RETURN TO THE U.S. THE AMBASSADOR NOTED THAT THE QUESTION OF HOW WE MIGHT WISH TO PROCEED ON THE MATTER OF JEWISH MATERIAL CLAIMS MUST BE SEEN IN THE CONTEXT OF OUR OVERALL RELATIONS WITH THE GDR AND OTHER IMPORTANT ISSUES WHICH WERE ALSO UNDER DISCUSSION.

9. OUR BASIC POSITION REMAINED ONE OF FACILITATING TALKS BETWEEN THE CONFERENCE AND THE COMMITTEE WITH A VIEW TO REACHING A SETTLEMENT OF THE MATTER. HE WOULD CONTINUE TO MAKE THIS POINT CLEAR TO APPROPRIATE GDR OFFICIALS IN THE FUTURE AS IN THE PAST. IN THE MEANTIME, IT SEEMED LIKELY THAT FUNKE WOULD BE REPORTING THE ESSENCE OF FERENCZ' PROPOSAL TO HIS SUPERIORS. SINCE FUNKE HAD AT LEAST LEFT THE DOOR OPEN, THE AMBASSADOR WAS NOT AS PESSIMISTIC AS FERENCZ THAT THERE WAS NO OPPORTUNITY FOR THE CONFERENCE TO PURSUE THE MATTER FURTHER. ONE POSSIBILITY MIGHT PERHAPS BE FOR THE NEW HEAD OF THE WORLD JEWISH CONGRESS, FORMER AMBASSADOR PHILIP KLUTZNICK, TO MEET WITH GDR REPRESENTATIVES FOR A POSSIBLE INFORMAL SESSION. (IN THIS REGARD, FERENCZ HAD MENTIONED EARLIER IN HIS BRIEFING
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OF THE AMBASSADOR A SHORT CONVERSATION WITH GUNTER GOERNER, AN MFA OFFICIAL CURRENTLY WORKING ON LAW OF THE SEA MATTERS AND WHO EARLIER HAD SOME RESPONSIBILITY FOR GDR "SUCCESSOR-STATE" RELATIONS WITH THIRD COUNTRIES. FERENCZ MET GOERNER IN 1973 AT THE UN AND HAS KEPT UP CONTACT WITH HIM. FERENCZ HAD A BRIEF MEETING, OCT. 24,

WITH GOERNER BEFORE SEEING FUNKE TO GIVE HIM A NEW BOOK. FERENCZ OUTLINED TO GOERNER IN A SKETCHY WAY WHAT HE INTENDED TO PROPOSE TO FUNKE, AND GOERNER HAD BEEN CAREFUL IN WRITING DOWN KLUTZNICK'S NAME. FERENCZ ALSO MENTIONED TO THE AMBASSADOR THAT HIS EFFORTS TO SEE MFA U.S. DESK OFFICER ELM BEFORE MEETING WITH FUNKE HAD BEEN UNSUCCESSFUL, PRESUMABLY BECAUSE THE GDR WISHED TO AVOID ANY SUGGESTION OF OFFICIAL U.S. DESK INVOLVEMENT WITH THE CONFERENCE.)

10. COMMENT: FERENCZ' ACCOUNT OF HIS MEETING WITH FUNKE WAS RATHER DISCURSIVE AND LENGTHY AND REQUIRED CONSIDERABLE EFFORT TO GET A CLEAR PICTURE OF THE SEQUENCE OF STATEMENTS BY HIM AND BY FUNKE. FERENCZ' WRITTEN REPORT MIGHT HELP IN THIS REGARD. IN ANY EVENT, IT SEEMS CLEAR THAT FERENCZ WISHED TO LEAVE US WITH THE IMPRESSION THERE IS NOT MUCH PURPOSE IN FURTHER DISCUSSIONS BETWEEN THE CONFERENCE AND THE COMMITTEE AND THAT IT IS TIME FOR THE DEPARTMENT TO BECOME MORE DIRECTLY INVOLVED IN NEGOTIATING JEWISH MATERIAL CLAIMS. AT THE SAME TIME, HE SEEMED TO AGREE THAT ONE COULD NOT HAVE EXPECTED FUNKE TO MAKE ANY KIND OF COMMITMENT, THAT FUNKE WOULD BE REPORTING THE ESSENCE OF HIS PROPOSAL TO HIGHER AUTHORITIES, AND THAT PATIENCE AND REFLECTION WERE APPROPRIATE FOR THE TIME BEING.

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11. ON THE FACE OF IT, FERENCZ' PROPOSAL TO FUNKE (WHICH FERENCZ HAD OUTLINED TO THE AMBASSADOR OCT. 19, AND WHICH HAS BEEN REPORTED BY MEMCON) SHOULD BE OF INTEREST TO THE GDR DESPITE THE COMPLEXITIES AND UN-

CERTAINTIES INVOLVED. IF SO, IT PRESUMABLY WILL TAKE SOME TIME FOR THE GDR TO SIGNAL ITS DEGREE OF INTEREST TO US OR THE CONFERENCE. THEREFORE, WE BELIEVE WE SHOULD COUNSEL THE CONFERENCE TO EXERCISE PATIENCE, INDICATING THAT WE WILL, AS APPROPRIATE, CONTINUE TO FACILITATE DISCUSSIONS BETWEEN THE CONFERENCE AND THE COMMITTEE. AT THE SAME TIME, IT WOULD BE IMPORTANT TO KNOW WHETHER FERENCZ' BELIEF THAT CONGRESS MIGHT GO ALONG WITH THE IDEA OF LIMITED MFN FOR THE GDR HAS MUCH CHANCE OF SUCCESS. IF NOT, IT WOULD APPEAR TO BE COUNTERPRODUCTIVE TO SUGGEST THAT THIS COULD FORM AN ESSENTIAL ELEMENT OF ANY SETTLEMENT OF THE JEWISH CLAIMS ISSUE.

12. IN CONNECTION WITH FERENCZ' STATEMENT THAT FUNKE IMPLIED THE GDR DID NOT INTEND TO AGREE TO ANTI-FASCIST COMMITTEE - JEWISH CONFERENCE NEGOTIATIONS, THE EMBASSY WOULD APPRECIATE RECEIVING WHATEVER APPROPRIATE RECORDS THE DEPARTMENT MAY HAVE ON TALKS AT THE TIME BETWEEN
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U.S. AND GDR REPRESENTATIVES.

13. SUBSEQUENT TO THE DRAFTING OF THE FOREGOING, THE AMBASSADOR TOOK THE OCCASION DURING A DINNER OCT. 26 AT THE RESIDENCE TO DISCUSS THE CONFERENCE'S NEW IDEAS FOR RESOLVING THE JEWISH MATERIAL CLAIMS QUESTION WITH GDR MFA USA DIVISION DIRECTOR GEYER ON AN INFORMAL AND PERSONAL BASIS. WE WILL BE REPORTING SEPARATELY GEYER'S REMARKS ON THIS SUBJECT, BUT THE ESSENCE OF WHAT HE SAID INCLINES US TO BELIEVE THAT THE GDR WOULD BE PREPARED UNDER CERTAIN CONDITIONS TO CONTINUE THE TALKS WITH APPROPRIATE CONFERENCE REPRESENTATIVES. GEYER IS AWARE OF THE SUBSTANCE OF FERENCZ' PROPOSAL TO FUNKE AND INDICATED TO THE AMBASSADOR THAT WHILE HE HAD SOME REAL QUESTIONS ABOUT ITS FEASIBILITY HE, GEYER, HAD NOT MADE UP HIS MIND ONE WAY OR ANOTHER ABOUT IT. BOLEN

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